

HOUSE BILL No. 2048

DIGEST OF INTRODUCED BILL

Citations Affected: IC 4-30-16-3; IC 20; IC 21.

Synopsis: Textbook funding. Provides textbooks to students in public schools at no charge to the student's family, to the extent the cost of the textbooks are reimbursed by the state. Transfers and distributes \$70,000,000 annually from the administrative trust fund of the lottery to school corporations for textbook reimbursement. Abolishes the public school textbook rental program and the public school textbook library program. Redefines "textbook" to include the various kinds of instructional materials that are currently eligible for state reimbursement under the textbook assistance program. Requires a school corporation to establish a textbook fund and to appropriate money from the fund to purchase and distribute textbooks. Provides an
(Continued next page)

Effective: July 1, 1999; July 1, 2000.

Friend

January 27, 1999, read first time and referred to Committee on Ways and Means.

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Digest Continued

annual state textbook reimbursement distribution to school corporations equal to \$85 multiplied by the school corporation's average daily membership (ADM) for the previous school year. Makes conforming changes and adds transitional provisions.

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Introduced

First Regular Session 111th General Assembly (1999)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1998 General Assembly.

HOUSE BILL No. 2048

A BILL FOR AN ACT to amend the Indiana Code concerning education finance and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 4-30-16-3 IS AMENDED TO READ AS
2 FOLLOWS [EFFECTIVE JULY 1, 1999]: Sec. 3. (a) The commission
3 shall transfer the surplus revenue in the administrative trust fund as
4 follows:
5 (1) Before the last business day of January, April, July, and
6 October, the commission shall transfer to the treasurer of state, for
7 deposit in the Indiana state teachers' retirement fund (IC
8 21-6.1-2), an amount equal to the lesser of:
9 (A) seven million five hundred thousand dollars (\$7,500,000);
10 or
11 (B) the additional quarterly contribution needed so that the
12 ratio of the unfunded liability of the Indiana state teachers'
13 retirement fund compared to total active teacher payroll is as
14 close as possible to but not greater than the ratio that existed
15 on the preceding July 1.



On or before June 15 of each year, the board of trustees of the Indiana state teachers' retirement fund shall submit to the treasurer of state, each member of the pension management oversight commission, and the auditor of state its estimate of the quarterly amount needed to freeze the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) as a percent of payroll. The estimate shall be based on the most recent actuarial valuation of the fund. Notwithstanding any other law, including any appropriations law resulting from a budget bill (as defined in IC 4-12-1-2), the money transferred under this subdivision shall be set aside in a special account to be used as a credit against the unfunded accrued liability of the pre-1996 account (as defined in IC 21-6.1-1-6.9) of the Indiana state teachers' retirement fund. The money transferred is in addition to the appropriation needed to pay benefits for the state fiscal year.

(2) Before the last business day of January, April, July, and October, the commission shall transfer two million five hundred thousand dollars (\$2,500,000) of the surplus revenue to the treasurer of state for deposit in the pension relief fund (IC 5-10.3-11).

(3) Before the last business day of January, April, July, and October, the commission shall transfer seventeen million five hundred thousand dollars (\$17,500,000) of the surplus revenue to the treasurer of state for deposit in the state textbook reimbursement fund (IC 21-3-12).

~~(3)~~ (4) The surplus revenue remaining in the fund on the last day of January, April, July, and October after the transfers under subdivisions (1) and (2) shall be transferred by the commission to the treasurer of state for deposit on that day in the build Indiana fund.

(b) The commission may make transfers to the treasurer of state more frequently than required by subsection (a). However, the number of transfers does not affect the amount that is required to be transferred for the purposes listed in subsection (a)(1), ~~and~~ (a)(2), **and (a)(3)**. Any amount transferred during the month in excess of the amount required to be transferred for the purposes listed in subsection (a)(1), ~~and~~ (a)(2), **and (a)(3)** shall be transferred to the build Indiana fund.

SECTION 2. IC 20-5-2-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. In carrying out the school purposes of each school corporation, its governing body acting on its behalf shall have the following specific powers:

(1) In the name of the school corporation, to sue and be sued and



1 to enter into contracts in matters permitted by applicable law.

2 (2) To take charge of, manage, and conduct the educational affairs
3 of the school corporation and to establish, locate, and provide the
4 necessary schools, school libraries, other libraries where
5 permitted by law, other buildings, facilities, property, and
6 equipment therefor.

7 (2.5) To appropriate from the general fund an amount, not to
8 exceed the greater of three thousand dollars (\$3,000) per budget
9 year or one dollar (\$1) per pupil, not to exceed twelve thousand
10 five hundred dollars (\$12,500), based upon the school
11 corporation's previous year's average daily membership (as
12 defined in IC 21-3-1.6-1.1) for the purpose of promoting the best
13 interests of the school corporation by:

14 (A) the purchase of meals, decorations, memorabilia, or
15 awards;

16 (B) provision for expenses incurred in interviewing job
17 applicants; or

18 (C) developing relations with other governmental units.

19 (3) To acquire, construct, erect, maintain, hold, and to contract for
20 such construction, erection, or maintenance of such real estate,
21 real estate improvements, or any interest in either, as the
22 governing body deems necessary for school purposes, including
23 but not limited to buildings, parts of buildings, additions to
24 buildings, rooms, gymnasiums, auditoriums, playgrounds, playing
25 and athletic fields, facilities for physical training, buildings for
26 administrative, office, warehouse, repair activities, or housing of
27 school owned buses, landscaping, walks, drives, parking areas,
28 roadways, easements and facilities for power, sewer, water,
29 roadway, access, storm and surface water, drinking water, gas,
30 electricity, other utilities and similar purposes, by purchase, either
31 outright for cash (or under conditional sales or purchases money
32 contracts providing for a retention of a security interest by seller
33 until payment is made or by notes where such contract, security
34 retention, or note is permitted by applicable law), by exchange, by
35 gift, by devise, by eminent domain, by lease with or without
36 option to purchase, or by lease under IC 21-5-10, IC 21-5-11, or
37 IC 21-5-12. To repair, remodel, remove, or demolish any such real
38 estate, real estate improvements, or interest in either, as the
39 governing body deems necessary for school purposes, and to
40 contract therefor. To provide for energy conservation measures
41 through utility energy efficiency programs or under a guaranteed
42 energy savings contract as described in IC 36-1-12.5.

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(4) To acquire such personal property or any interest therein as the governing body deems necessary for school purposes, including but not limited to buses, motor vehicles, equipment, apparatus, appliances, books, furniture, and supplies, either by outright purchase for cash, or under conditional sales or purchase money contracts providing for a security interest by the seller until payment is made or by notes where such contract, security, retention, or note is permitted by applicable law, by gift, by devise, by loan, or by lease with or without option to purchase and to repair, remodel, remove, relocate, and demolish such personal property. All purchases and contracts delineated under the powers given under subdivision (3) and this subdivision shall be subject solely to applicable law relating to purchases and contracting by municipal corporations in general and to the supervisory control of agencies of the state as provided in section 3 of this chapter.

(5) To sell or exchange any of such real or personal property or interest therein, which in the opinion of the governing body is not necessary for school purposes, in accordance with IC 20-5-5, to demolish or otherwise dispose of such property if, in the opinion of the governing body, it is not necessary for school purposes and is worthless, and to pay the expenses for such demolition or disposition.

(6) To lease any school property for a rental which the governing body deems reasonable or to permit the free use of school property for:

(A) civic or public purposes; or

(B) the operation of a school age child care program for children aged five (5) through fourteen (14) years that operates before or after the school day, or both, and during periods when school is not in session;

if the property is not needed for school purposes. Under this subdivision, the governing body may enter into a long term lease with a nonprofit corporation, community service organization, or other governmental entity, if the corporation, organization, or other governmental entity will use the property to be leased for civic or public purposes or for a school age child care program. However, if the property subject to a long term lease is being paid for from money in the school corporation's debt service fund, then all proceeds from the long term lease shall be deposited in that school corporation's debt service fund so long as the property has not been paid for. The governing body may, at its option, use the procedure specified in IC 36-1-11-10 in leasing property under

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1 this subdivision.

2 (7) To employ, contract for, and discharge superintendents,
3 supervisors, principals, teachers, librarians, athletic coaches
4 (whether or not they are otherwise employed by the school
5 corporation and whether or not they are licensed under
6 IC 20-6.1-3), business managers, superintendents of buildings and
7 grounds, janitors, engineers, architects, physicians, dentists,
8 nurses, accountants, teacher aides performing noninstructional
9 duties, educational and other professional consultants, data
10 processing and computer service for school purposes, including
11 but not limited to the making of schedules, the keeping and
12 analyzing of grades and other student data, the keeping and
13 preparing of warrants, payroll, and similar data where approved
14 by the state board of accounts as provided below, and such other
15 personnel or services, all as the governing body considers
16 necessary for school purposes. To fix and pay the salaries and
17 compensation of such persons and such services. To classify such
18 persons or services and to adopt schedules of salaries or
19 compensation. To determine the number of such persons or the
20 amount of services thus employed or contracted for. To determine
21 the nature and extent of their duties. The compensation, terms of
22 employment, and discharge of teachers shall, however, be subject
23 to and governed by the laws relating to employment, contracting,
24 compensation, and discharge of teachers. The compensation,
25 terms of employment, and discharge of bus drivers shall be
26 subject to and shall be governed by any laws relating to
27 employment, contracting, compensation, and discharge of bus
28 drivers. The forms and procedures relating to the use of computer
29 and data processing equipment in handling the financial affairs of
30 such school corporation shall be submitted to the state board of
31 accounts for approval to the end that such services shall be used
32 by the school corporation when the governing body determines
33 that it is in the best interests of the school corporation while at the
34 same time providing reasonable accountability for the funds
35 expended.

36 (8) Notwithstanding the appropriation limitation in subdivision
37 (2.5), when the governing body by resolution deems a trip by an
38 employee of the school corporation or by a member of the
39 governing body to be in the interest of the school corporation,
40 including but not limited to attending meetings, conferences, or
41 examining equipment, buildings, and installation in other areas,
42 to permit such employee to be absent in connection with such trip

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without any loss in pay and to refund to such employee or to such member his reasonable hotel and board bills and necessary transportation expenses. To pay teaching personnel for time spent in sponsoring and working with school related trips or activities.

(9) To transport children to and from school, when in the opinion of the governing body such transportation is necessary, including but not limited to considerations for the safety of such children and without regard to the distance they live from the school, such transportation to be otherwise in accordance with the laws applicable thereto.

(10) To provide a lunch program for a part or all of the students attending the schools of the school corporation, including but not limited to the establishment of kitchens, kitchen facilities, kitchen equipment, lunch rooms, the hiring of the necessary personnel to operate such program, and the purchase of any material and supplies therefor, charging students for the operational costs of such lunch program, fixing the price per meal or per food item. To operate such lunch program as an extracurricular activity, subject to the supervision of the governing body. To participate in any surplus commodity or lunch aid program.

(11) To purchase textbooks **and, except as provided in 20-5-14.5-6,** to furnish them without cost ~~or to rent them to students. to participate in any textbook aid program, all in accordance with applicable law.~~

(12) To accept students transferred from other school corporations and to transfer students to other school corporations in accordance with applicable law.

(13) To levy taxes, to make budgets, to appropriate funds, and to disburse the money of the school corporation in accordance with the laws applicable thereto. To borrow money against current tax collections and otherwise to borrow money, in accordance with IC 20-5-4.

(14) To purchase insurance or to establish and maintain a program of self-insurance relating to the liability of the school corporation or its employees in connection with motor vehicles or property and for any additional coverage to the extent permitted and in accordance with IC 34-13-3-20. To purchase additional insurance or to establish and maintain a program of self-insurance protecting the school corporation and members of the governing body, employees, contractors, or agents of the school corporation from any liability, risk, accident, or loss related to any school property, school contract, school or school related activity,

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including but not limited to the purchase of insurance or the establishment and maintenance of a self-insurance program protecting such persons against false imprisonment, false arrest, libel, or slander for acts committed in the course of their employment, protecting the school corporation for fire and extended coverage and other casualty risks to the extent of replacement cost, loss of use, and other insurable risks relating to any property owned, leased, or held by the school corporation. To purchase insurance or to establish and maintain a program of self-insurance to benefit school corporation employees, which may include accident, sickness, health, or dental coverage, provided that any plan of self-insurance shall include an aggregate stop-loss provision.

(15) To make all applications, to enter into all contracts, and to sign all documents necessary for the receipt of aid, money, or property from the state government, the federal government, or from any other source.

(16) To defend any member of the governing body or any employee of the school corporation in any suit arising out of the performance of his duties for or employment with, the school corporation, provided the governing body by resolution determined that such action was taken in good faith. To save any such member or employee harmless from any liability, cost, or damage in connection therewith, including but not limited to the payment of any legal fees, except where such liability, cost, or damage is predicated on or arises out of the bad faith of such member or employee, or is a claim or judgment based on his malfeasance in office or employment.

(17) To prepare, make, enforce, amend, or repeal rules, regulations, and procedures for the government and management of the schools, property, facilities, and activities of the school corporation, its agents, employees, and pupils and for the operation of its governing body, which rules, regulations, and procedures may be designated by any appropriate title such as "policy handbook", "bylaws", or "rules and regulations".

(18) To ratify and approve any action taken by any member of the governing body, any officer of the governing body, or by any employee of the school corporation after such action is taken, if such action could have been approved in advance, and in connection therewith to pay any expense or compensation permitted under IC 20-5-1 through IC 20-5-6 or any other law.

(19) To exercise any other power and make any expenditure in

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carrying out its general powers and purposes provided in this chapter or in carrying out the powers delineated in this section which is reasonable from a business or educational standpoint in carrying out school purposes of the school corporation, including but not limited to the acquisition of property or the employment or contracting for services, even though such power or expenditure shall not be specifically set out herein. The specific powers set out in this section shall not be construed to limit the general grant of powers provided in this chapter except where a limitation is set out in IC 20-5-1 through IC 20-5-6 by specific language or by reference to other law.

SECTION 3. IC 20-5-6-5 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. (a) ~~A governing body in operating a textbook rental program pursuant to IC 20-5-2-2(11) may use either of the following accounting methods:~~

(1) ~~It may supervise and control the program through the school corporation account; establishing a textbook rental fund:~~

(2) ~~Where no textbooks have been purchased and no financial commitments or guarantees for such purchases have been made by the school corporation; the governing body may cause such program to be operated by the individual schools of the school corporation through the school corporation's extracurricular account or accounts in accordance with IC 20-5-7.~~

(b) ~~Where the governing body determines that a hardship exists due to the inability of a student's family to purchase or rent textbooks pay any fee assessed under IC 20-5-14.5-6, taking into consideration the income of such family and the demands thereon, it may furnish textbooks to such students without charge; waive the fee under IC 20-5-14.5-6, without reference to the application of any other statute or rule except IC 20-5-1 through IC 20-5-6.~~

SECTION 4. IC 20-5-14.5 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]:

Chapter 14.5. Textbooks for Public School Students

Sec. 1. As used in this chapter, "student" means a student enrolled in a school corporation, including transfer students.

Sec. 2. As used in this chapter, "textbook" has the meaning set forth in IC 20-10.1-1-12.5.

Sec. 3. As used in this chapter, "textbook fund" refers to the fund established by IC 21-2-18.

Sec. 4. (a) The governing body of each school corporation shall do the following:



(1) Purchase and maintain a sufficient number of textbooks to meet the needs of each student.

(2) Appropriate from the textbook fund established under IC 21-2-18 the money necessary to purchase textbooks.

(3) Except as provided in section 6 of this chapter, loan free of charge to each student all textbooks prescribed for the student's grade or classes.

(4) Prescribe guidelines for the following:

(A) The availability of textbooks to students.

(B) The care and custody of textbooks by students.

(C) The return of textbooks by students.

(5) Provide facilities for the safekeeping of textbooks.

(6) Fumigate or destroy textbooks at the times and under regulations prescribed by local and state health authorities or determined by the governing body.

(b) Except as provided in section 6 of this chapter, a school corporation may not conduct a textbook rental program for a school year that begins after June 30, 2000.

Sec. 5. The parent of a student who is loaned a textbook under this chapter is financially responsible for the following according to the guidelines adopted by the school corporation under this chapter:

(1) Wear, except for reasonable wear, on a textbook.

(2) Loss, mutilation, or defacement of a textbook.

(3) Failure to return a textbook to the school corporation upon request.

(4) Other matters concerning the use and care of textbooks.

Sec. 6. To the extent that the textbook reimbursement distribution under IC 21-3-12 is less than the costs incurred by a school corporation in providing textbooks to students under this chapter, the school corporation may require the student to pay the difference between the reimbursement provided for the student's textbooks and the cost of providing the textbooks.

Sec. 7. (a) If a student is transferred to a school corporation other than the one in which the student is a resident under IC 20-8.1-6.1, the governing body of the school corporation to which the student is transferred shall provide textbooks to the transferred student.

(b) The annual settlement between school corporations for tuition of transferred students must include amounts for furnishing textbooks to transferred students at a rate determined by the Indiana state board of education.



1 **Sec. 8. A governing body may sell textbooks to students who**
 2 **wish to purchase textbooks at the price stipulated in the contracts**
 3 **under which the books are purchased by the school corporation.**
 4 **Money from sales to students must be paid into the textbook fund.**

5 SECTION 5. IC 20-8.1-9-5 IS AMENDED TO READ AS
 6 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. All school
 7 corporations must give notice in nontechnical language and in a
 8 manner that can be reasonably expected to reach parents of school
 9 children before the collection of any fees **under IC 20-5-14.5-6** for
 10 schoolbooks and supplies. This notice shall inform the parents of the
 11 availability of assistance, the eligibility standards, the procedure for
 12 obtaining assistance, including the right and method of appeal, and the
 13 availability of application forms at a designated school office.

14 SECTION 6. IC 20-8.1-9-9 IS AMENDED TO READ AS
 15 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9. (a) If a determination
 16 is made that the applicant is eligible for assistance, the school
 17 corporation shall pay the cost of the student's required fees.

18 (b) A school corporation may receive a reimbursement from the
 19 department for some or all of the costs incurred by a school corporation
 20 during a school year in providing textbook assistance to children who
 21 are eligible under section 2 of this chapter.

22 (c) In order to be guaranteed some level of reimbursement from the
 23 department, the governing body of a school corporation shall request
 24 the reimbursement before November 1 of a school year.

25 (d) In its request, the governing body shall certify to the department:

26 (1) the number of students who are enrolled in that school
 27 corporation and who are eligible for assistance under this chapter;

28 (2) the costs incurred by the school corporation in providing:

29 (A) textbooks (including textbooks used in special education
 30 and gifted and talented classes) to these students;

31 (B) workbooks and consumable textbooks (including
 32 workbooks and consumable textbooks, and other consumable
 33 instructional materials that are used in special education and
 34 gifted and talented classes) that are used by students for no
 35 more than one (1) school year; and

36 (C) instead of the purchase of textbooks, developmentally
 37 appropriate material for instruction in kindergarten through the
 38 grade 3 level, laboratories, and children's literature programs;

39 (3) that each textbook described in subdivision (2)(A) and
 40 included in the reimbursement request (except those textbooks
 41 used in special education classes and gifted and talented classes)
 42 has been adopted by the state board of education under

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IC 20-10.1-9-1 or has been waived by the state board of education under IC 20-10.1-9-27;

(4) the amount of reimbursement provided for each textbook described in subdivision (2)(A) that was distributed from the state textbook reimbursement fund;

~~(4)~~ **(5)** that the amount of reimbursement requested for each textbook under subdivision (3) does not exceed twenty percent (20%) of the costs incurred for the textbook, as provided in the textbook adoption list in each year of the adoption cycle; **difference between the costs incurred for the textbook and the amount of reimbursement under subdivision (4) for the textbook;**

~~(5)~~ **(6)** that the amount of reimbursement requested for each workbook or consumable textbook (or other consumable instructional material used in special education and gifted and talented classes) under subdivision (2)(B), if applicable, does not exceed one hundred percent (100%) of the **difference between the costs incurred for the workbook or consumable textbook (or other consumable instructional material used in special education and gifted and talented classes) and the amount of reimbursement under subdivision (4) for the workbook or consumable textbook (or other instructional material);**

~~(6)~~ **(7)** that the amount of reimbursement requested for each textbook used in special education and gifted and talented classes is amortized for the number of years in which the textbook is used;

~~(7)~~ **(8)** that the amount of reimbursement requested for developmentally appropriate material is amortized for the number of years in which the material is used and does not exceed a total of one hundred percent (100%) of the **difference between the costs incurred for the developmentally appropriate material and the amount of reimbursement under subdivision (4) for the developmentally appropriate material;** and

~~(8)~~ **(9)** any other information required by the department, including copies of purchase orders used to acquire consumable instructional materials used in special education and gifted and talented classes and developmentally appropriate material.

(e) Each school within a school corporation shall maintain complete and accurate information concerning the number of students determined to be eligible for assistance under this chapter. This information shall be provided to the department upon request.

(f) If the amount of reimbursement requested before November 1 of



1 a particular year exceeds the amount of money appropriated to the
 2 department for this purpose, the department shall proportionately
 3 reduce the amount of reimbursement to each school corporation.

4 (g) A school corporation may submit a supplemental reimbursement
 5 request under section 9.1 of this chapter. The school corporation is
 6 entitled to receive a supplemental reimbursement only if there are
 7 funds available. The department shall proportionately reduce the
 8 amount of supplemental reimbursement to each school corporation if
 9 the total amount requested exceeds the amount of money available to
 10 the department for this purpose. In the case of this supplemental
 11 reimbursement, the provisions in this section apply, except that section
 12 9.1 of this chapter applies to the making of the supplemental request by
 13 the governing body of the school corporation.

14 (h) Parents receiving other governmental assistance or aid which
 15 considers educational needs in computing the entire amount of
 16 assistance granted may not be denied assistance if the applicant's total
 17 family income does not exceed the standards established by this
 18 chapter.

19 SECTION 7. IC 20-8.1-9-9.1 IS AMENDED TO READ AS
 20 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 9.1. (a) The governing
 21 body of a school corporation may make a supplemental request for
 22 reimbursement from the department after April 1 but before May 1 of
 23 a school year for some or all of the additional costs incurred by the
 24 school corporation in providing textbook assistance to the number of
 25 additional eligible children who enroll in the school corporation after
 26 the initial request for reimbursement is filed under section 9(c) of this
 27 chapter.

28 (b) In its supplemental request, the governing body must certify to
 29 the department the following:

30 (1) The number of additional students who enroll in the school
 31 corporation as described in subsection (a).

32 (2) The additional costs incurred by the school corporation in
 33 providing the materials described in section 9(d)(2) of this
 34 chapter pertaining to the number of additional students.

35 (3) The same information as described in section 9(d)(3) through
 36 ~~9(d)(7)~~ **9(d)(8)** of this chapter as pertaining to the numbers of
 37 additional students.

38 (c) This section applies only if there are funds available. These
 39 supplemental distributions shall be made by the department in
 40 accordance with section 9(g) of this chapter.

41 SECTION 8. IC 20-10.1-1-12.5 IS AMENDED TO READ AS
 42 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 12.5. As used in this



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1 article, ~~the term "textbook"~~ **means includes the following:**

2 (1) Systematically organized material, designed to provide a
3 specific level of instruction in a subject matter category.

4 (2) **Developmentally appropriate material used instead of**
5 **material described in subdivision (1) for instruction in:**

6 (A) kindergarten through grade 3;

7 (B) laboratories;

8 (C) literature programs;

9 (D) special education; or

10 (E) **gifted and talented classes.**

11 SECTION 9. IC 20-10.1-9-19 IS AMENDED TO READ AS
12 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 19. ~~Time Basis~~
13 ~~Purchase:~~ When a school corporation purchases textbooks on a time
14 basis, the schedule for payments shall coincide with ~~pupil payments~~ **the**
15 **distribution under IC 21-3-12** to the school corporation for ~~textbook~~
16 ~~rental textbook reimbursement~~ and the schedule shall not require the
17 school corporation to assume a greater burden than payment of
18 twenty-five percent (25%) within thirty (30) days after the beginning
19 of the school year immediately following delivery by the contracting
20 publisher with the school corporation's promissory note evidencing the
21 unpaid balance.

22 SECTION 10. IC 20-10.1-9-20 IS AMENDED TO READ AS
23 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 20. Each school
24 corporation may borrow money to buy textbooks and may issue notes,
25 maturing serially in not more than six (6) years and payable from its
26 ~~general textbook~~ fund, to secure the loan. However, when an adoption
27 is made by the state board of education for less than six (6) years, the
28 period of time for which the notes may be issued is limited to the
29 period of time for which that adoption is effective. Notwithstanding
30 other provisions of this section, a school township may not borrow
31 money to purchase textbooks unless a petition requesting such an
32 action and bearing the signatures of twenty-five percent (25%) of the
33 resident taxpayers of the school township has been presented to and
34 approved by the township trustee and township board.

35 SECTION 11. IC 20-10.1-9-23 IS AMENDED TO READ AS
36 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 23. ~~Mandatory Offer to~~
37 ~~Purchase:~~ When a family **that purchased textbooks from a school**
38 **corporation during the school term** moves during the school term
39 from one (1) school corporation to another within the state, the
40 corporation from which they move shall evaluate the affected children's
41 textbooks and offer to purchase them at a reasonable price for resale to
42 any family which might move into that corporation during a school



term.

SECTION 12. IC 20-10.1-10-1 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 1. (a) Except as provided in ~~subsections (b) and (c)~~ **subsection (b)** and all laws to the contrary notwithstanding, each governing body shall purchase from a contracting publisher, at the net contract price or at any subsequent lower price, the textbooks adopted by the Indiana state board of education and selected by the proper local officials ~~and shall rent these textbooks to each student enrolled in any public school which is in compliance with the minimum certification standards of the Indiana state board of education and is located within the attendance unit served by the governing body.~~ **to carry out IC 20-5-14.5.**

(b) This section does not prohibit the purchase of these textbooks at the option of any student. ~~or the providing of free textbooks by the governing body under IC 20-10.1-11.~~

(c) This section does not prohibit a governing body from suspending the operation of this section under a contract entered into under IC 20-5-62.

SECTION 13. IC 20-10.1-10-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. (a) Each governing body may purchase from a contracting publisher, at the net contract price or at any subsequent lower price, any textbook adopted by the state board of education and selected by the proper local officials and may ~~rent~~ **sell** these textbooks to students enrolled in any public or nonpublic school which is in compliance with the minimum certification standards of the state board of education and is located within the attendance unit served by the governing body. ~~at an annual rental not to exceed twenty-five percent (25%) of the retail price of the textbooks.~~

(b) ~~However, the governing body may not assess a rental fee of more than fifteen percent (15%) of the retail price of a textbook that has been:~~

(1) adopted for usage by students under IC 20-10.1-9;

(2) extended for usage by students under IC 20-10.1-9-1(b); and

(3) paid for through rental fees previously collected.

(c) ~~(b)~~ This section does not limit any other laws but is supplementary.

SECTION 14. IC 21-2-11-2 IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 2. The governing body of each school corporation in the state of Indiana shall establish a general fund for the operation and maintenance of local schools and levy a tax therefor. All receipts and disbursements ~~heretofore~~



1 authorized by law for school funds and tax levies for the tuition fund,
 2 special school fund, special fund, vocational fund, recreation fund,
 3 compulsory education fund, ~~school library fund, high school library~~
 4 ~~fund~~, public employee's retirement fund, operating fund, transportation
 5 tax and county wide school tax shall ~~on and after January 1, 1968~~, be
 6 received in and disbursed from the general fund. A tax levy and rate for
 7 the general fund shall be established by the governing body of each
 8 school corporation for ~~the 1968 calendar year and all succeeding each~~
 9 ~~calendar years. Any balances of all the aforesaid funds on January 1,~~
 10 ~~1968 shall be transferred to the general fund. year.~~

11 SECTION 15. IC 21-2-11-5 IS AMENDED TO READ AS
 12 FOLLOWS [EFFECTIVE JULY 1, 2000]: Sec. 5. Any self-supporting
 13 programs maintained by any school corporation, including but not
 14 limited to school lunch, ~~and rental or sale of textbooks~~, may be
 15 established as separate funds, separate and apart from the general fund,
 16 if no local tax rate is established ~~therefor~~. **for the programs.**

17 SECTION 16. IC 21-2-18 IS ADDED TO THE INDIANA CODE
 18 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 19 JULY 1, 2000]:

20 **Chapter 18. Textbook Fund**

21 **Sec. 1. As used in this chapter, "fund" refers to the textbook**
 22 **fund established under section 3 of this chapter.**

23 **Sec. 2. As used in this chapter, "textbook" has the meaning set**
 24 **forth in IC 20-10.1-1-12.5.**

25 **Sec. 3. A school corporation shall establish a textbook fund.**

26 **Sec. 4. Money in the fund may be used only for the following**
 27 **purposes:**

- 28 (1) **Paying interest and principal on loans obtained by the**
 29 **school corporation to purchase textbooks.**
- 30 (2) **Implementation of IC 20-5-14.5, including the purchase,**
 31 **storage, distribution, or repair of textbooks.**

32 **Sec. 5. A school corporation shall deposit in the fund the**
 33 **following:**

- 34 (1) **Distributions under IC 21-3-12.**
- 35 (2) **Receipts from sales of textbooks under IC 20-5-14.5.**
- 36 (3) **Receipts from sales under IC 20-10.1-10-2.**
- 37 (4) **Fees received under IC 20-5-14.5-6.**
- 38 (5) **Other revenues designated for the textbook fund.**

39 **Sec. 6. Money in the fund at the end of a school year or fiscal**
 40 **year does not revert to the school general fund.**

41 SECTION 17. IC 21-3-12 IS ADDED TO THE INDIANA CODE
 42 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE



JULY 1, 2000]:

Chapter 12. State Textbook Reimbursement Fund

Sec. 1. (a) The state textbook reimbursement fund is established for the purpose of providing money to reimburse school corporations for the cost of providing textbooks to students. The account shall be administered by the state department of education.

(b) Expenses of administering the fund shall be paid from money in the fund. The fund consists of the following:

(1) Transfers made from the administrative trust fund under IC 4-30-16-3(a)(3).

(2) Any appropriations to the fund.

(c) The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested.

(d) Money in the fund at the end of a state fiscal year does not revert to the state general fund. Money in the fund is appropriated to carry out the purposes of the fund.

Sec. 2. (a) The department shall on July 15 of each year distribute to each school corporation an amount equal to the school corporation's ADM (as determined under IC 21-3-1.6-1.1) for the previous school year multiplied by eighty-five dollars (\$85).

(b) A school corporation must deposit a textbook reimbursement distribution received under this section in the school corporation's textbook fund and may use the money only for the purposes specified in IC 21-2-18-4.

SECTION 18. THE FOLLOWING ARE REPEALED [EFFECTIVE JULY 1, 2000]: IC 20-10.1-1-12; IC 20-10.1-11.

SECTION 19. [EFFECTIVE JULY 1, 2000] **(a)** Except as provided in 20-5-14.5-6, as added by this act, a school corporation may not conduct a textbook rental program for a school year beginning after June 30, 2000.

(b) On July 1, 2000, a school corporation shall transfer any unencumbered money in any fund or account used for textbook rental fees to the textbook fund established by IC 21-2-18, as added by this act. The money transferred under this SECTION may be used for any purpose for which other money in the textbook fund may be used.

(c) Notwithstanding IC 21-3-12, as added by this act, a school corporation is entitled in 2000 to only fifty percent (50%) of the amount of the textbook reimbursement distribution specified in IC 21-3-12-2, as added by this act.



(d) This SECTION expires January 1, 2001.

SECTION 20. [EFFECTIVE JULY 1, 1999] (a) The state board of tax commissioners shall reduce the:

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-18.5-3; and

(2) poor relief levy;

of each township to reflect the effect of this act on the obligation of township trustees to pay school fees under IC 20-8.1-9-11.

(b) The state board of tax commissioners shall reduce the:

(1) maximum permissible ad valorem property tax levy imposed by IC 6-1.1-19-1.5; and

(2) general fund property tax levy;

of each school corporation that operated an elementary school library or a high school library under IC 20-10.1-11 (as effective on June 30, 2000) to provide free textbooks to resident students before July 1, 2000, to reflect the transfer of textbook funding to the textbook fund established by IC 21-2-18, as added by this act.

(c) Any loan:

(1) obtained to purchase textbooks (as defined in IC 20-10.1-1-12.5, as amended by this act); and

(2) payable from a school general fund before July 1, 2000; shall be paid from the textbook fund after June 30, 2000.

(d) This SECTION expires January 1, 2004.

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